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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

November 14, 1994

Ex ParteSandra L. Wagner
Director
Federal RegulatoryMr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

FILE COPY ORIGINAL

Re: CC Docket No. 92-77 (Phase II), Billed Party Preference

Dear Mr. Caton:

In accordance with Commission rules, please be advised that Don Little and the undersigned met with Mr. Mark Nadel of the Policy and Planning Division on Thursday, November 10, 1994 to discuss certain issues surrounding possible implementation of Billed Party Preference (BPP). Due to the lateness when the meeting ended on Thursday, and the fact that the following day was a holiday for the Commission, this filing is being made today, November 14.

The attached materials formed the basis of the meeting discussion. SWBT explained that should BPP also apply to calls dialed with access codes, there would not be a need to develop and install end office "split routing" technology. Possible positive results from a requirement that BPP also apply to access code calls include decreased implementation costs, improved abilities for cost recovery, greater control for some consumers and positive affects on BPP cost impacts to IXC's and consumers.

The following additional information is provided in response to requests from Mr. Nadel:

1. Please explain what is required to provide end-office "split routing" capability.

"Split routing" is the terminology that has evolved to describe the routing of "0+" interLATA calls to Local Exchange Carrier (LEC) Operator Service Systems (OSSs) for BPP Carrier Identification, while continuing to route 00- and 10XXX+0 calls to the IXC's selected in presubscription (00-) and digits-dialed (10XXX) processes. Today, all such calls route to IXC's. To first direct "0+" interLATA calls to LEC's then to the IXC's preferred by the billed parties requires the technical ability on "0+" interLATA calls to alter, "split", or route differently these calls from what is done today.

The ability to perform "split routing" is dependent on the call routing translations capabilities of the various end-office types. "Split routing" is not based on end-office signaling capabilities. However, even though routing and signaling functions are independent, technical requirements for routing are generally found in signaling requirements documents. This fact, combined with the fact that vendors have included the translations capability for "split routing" in their plans and price quotes for OSS7, has led to some confusion. Vendors have not provided SWBT with separate price quotes for OSS7 and "split routing".

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Some vendors state their end-offices currently have the ability to perform "split routing". The end-offices in SWBT's network that process the majority of interLATA traffic do not presently have this ability. Therefore, the end-office translations capabilities which support the majority of SWBT's traffic require modification to enable "split routing". The modifications necessary will permit interLATA calls dialed "0+" to be routed differently than calls dialed 10XXX+0.

With today's functionality, one route set exists for interLATA "0+" calls, without regard for how the call was dialed. There is no routing distinction capability for "0+" versus 10XXX+0 calls. The existing routing capability sends all such calls to the same route for an IXC. The translation control needed would establish an additional route set at an end-office level to treat all "0+" interLATA calls without regard to the presubscribed carrier of the originating line. One route would exist for interLATA calls dialed "0+" and another for 10XXX+0 calls. This functionality is not needed if the Commission includes access code calls in the definition of BPP. Functionality exists today to continue to route calls dialed "00-" to the presubscribed carrier of the originating line. However, SWBT believes BPP treatment would be more appropriate for "00-" calls.

2. Please explain how application of BPP to access code calls will provide greater control for some consumers.

Application of BPP to access code calls will, among other things, provide greater control to some billed parties, particularly those who accept charges for collect and third number billed calls. In response to IXC advertising campaigns, and due to the need to protect themselves from the rates and practices of certain companies, consumers are making greater use of access codes to place alternately billed calls. Such codes include 10XXX+0 and 800 Numbers, such as 800-COLLECT and 800-225-5288. Use of access codes in today's environment is more a matter of necessity or influence than preference.

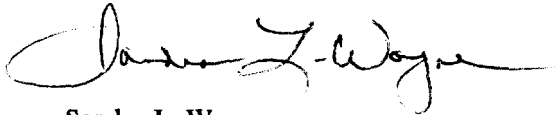
Due to the market shifts that have occurred as a result of IXC campaigns, it can be safely assumed that many consumers are today accepting charges from carriers other than their preferred providers. This has the affect of potentially requiring consumers to pay higher rates than would otherwise be charged by their preferred providers. Such higher rates result in two ways. One, consumers may pay higher non-discounted, per-call rates than would be charged by their preferred providers. Second, consumers lose the advantage of optional calling plans and other discount programs offered by their preferred providers when they accept charges from other carriers. Extending BPP to access code calls will thus assure that billed parties will receive the service and rate benefits to which they are entitled.

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3. Please explain how application of BPP to access code calls will provide improvements for cost recovery.

In its Reply Comments in this proceeding, SWBT proposed that access codes calls should also be subject to BPP. There are several reasons why this should be the case. Aside from the consumer benefits noted above, application of BPP to access code calls could also decrease BPP implementation costs for some LECs by eliminating the need for "split routing". Also, application of BPP to access code calls will produce a lower unit rate by adding more demand from which to recover BPP costs. This has the affect of moderating the overall net impact to IXC's and consumers. More importantly, application of BPP to access code calls will help to ensure the viability of BPP by eliminating concerns that IXC's will continue to promote access code dialing over "0+". Such actions would possibly undermine the implementation of BPP. Additionally, some consumers may have become so habitual or entrenched in their use of access codes by the time BPP is implemented that they may still use such out of fear or lack of knowledge. If so, they would deny themselves and others the convenience and assurances possible with "0+" BPP dialing. Applying BPP to all codes used for alternately billed calls will maximize the benefits of BPP for all consumers.

Sincerely,



Sandra L. Wagner

Attachment

cc: Mark Nadel

**SWBT FAVORS IMPLEMENTATION OF BILLED
PARTY PREFERENCE (BPP), PROVIDED:**

- The Commission intends to act in the near term to address existing structural problems that produce continuing consumer and competitive disadvantages,
- Implementation is ordered by May, 1995,
- Implementation is consistent with joint ex-parte filing of December 23, 1993,
- Implementation order allows for full recovery of total BPP costs in BPP rate structure, including costs for OSS7
- Demand for and viability of BPP is addressed in Commission actions

11/10/94

• **NEED FOR OSS7:**

- **SWBT generally agrees with ex partes of GTE and Sprint dated October 7 and November 4, respectively.**
- **OSS7 and associated call routing feature development will meet BPP end-office technical requirements**
- **Alternatives exist to requirements for OSS7, if "split routing" is not required, resulting in:**
 - **Decreased implementation costs,**
 - **Improvements for cost recovery,**
 - **Even greater consumer control, and**
 - **Positive affects on BPP cost impacts to IXC's and consumers.**
- **Concerns about increases in call set-up time resulting from the absence of OSS7 have been overstated**
 - **Impacts must consider end-office signalling technology, call routing architectures and reduced requirements for consumer dialing**

11/10/94